

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

KDE Audits Performed

Applicable Statute(s) or Regulation(s):

KRS 45.149

History/Background:

Existing Policy. The Kentucky Department of Education (KDE) Internal Audit Charter authorizes the use of the Auditor of Public Accounts to fulfill the internal audit role of KDE.

At the February 2005 KBE meeting, a staff note was presented to the KBE Audit Committee resulting in discussion and action items to consider and approve. Several audits have been completed since that time by both the Kentucky Auditor of Public Accounts Office (APA) and the U.S. Department of Education (USDOE).

Information on audits that have been performed since February 2005. The APA audits performed at the request of the Kentucky Board of Education are as follows:

- ✓ Desk audits of all school district CPA reports for the school year 2004-2005 – Completed and preliminary report issued June 16, 2006. KDE has reviewed the preliminary report and a management response is not required. A final report by APA will be issued after the October KBE meeting.
- ✓ Review of the indirect cost calculation methodology that KDE currently performs for the school districts – Completed and preliminary report issued June 16, 2006. KDE has reviewed the preliminary report and a management response is not required. A final report by APA will be issued after the October KBE meeting.
- ✓ Review Procedures of the attendance process currently used to audit school attendance – APA work is continuing as of the date of the submission of this staff note.

The APA statewide audits that included a review of the Department of Education are as follows:

- ✓ The annual Statewide Single Audit for fiscal year 2006 is in process and should be completed early in 2007. The Statewide Single Audit is comprised of two phases: (1) Audit work to enable the APA to express an opinion as to whether KDE's financial information is fairly presented in accordance with Government Accounting Standards and (2) Verification of internal controls and compliance on Federal Programs exceeding \$20,000,000.
- ✓ The annual Statewide Single Audit for fiscal year 2004 – Completed and final report issued March 2005 – Four findings for KDE were resolved. Each finding is an observation and recommendation by the APA of where internal controls or compliance can be improved over the current practice. KDE agreed with each finding.

- ✓ The annual Statewide Single Audit for fiscal year 2005 – Completed and final report issued March 2006 – One finding for KDE was resolved. KDE agreed with the APA finding.
- ✓ Information Technology Audit – Draft report issued by APA on May 15, 2006 – Management responses were submitted by KDE to the APA on June 26, 2006 to 12 findings. A final report will not be issued until the audit of 2006 is completed.
- ✓ Performance audit of Kentucky's administration and management of master agreements – Completed and final report issued February 2005 – There were no findings of non-compliance for KDE.

The United States Department of Education (USDOE) completed an audit of the following federal programs:

- ✓ Title I - Completed, preliminary report issued 4/5/06 – Management responses were submitted by KDE on 5/17/06. No final report has been issued by USDOE at the date of the submission of this staff note.
- ✓ Homeless - Completed, preliminary report issued 4/5/06 – Management responses were submitted by KDE on 5/17/06. No final report has been issued by USDOE at the date of the submission of this staff note.
- ✓ Even Start - Completed, preliminary report issued 4/5/06 – Management responses were submitted by KDE on 5/17/06. No final report has been issued by USDOE at the date of the submission of this staff note.
- ✓ Neglected and Delinquent - Completed, preliminary report issued 4/5/06 – Management responses were submitted by KDE on 5/17/06. No final report has been issued by USDOE at the date of the submission of this staff note.

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Deputy Commissioner

Commissioner of Education

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